



The Voice of Small Business

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**Testimony on Transparency in Hospital Pricing
Before the Senate Health Policy Committee
Tuesday, March 15, 2016**

My name is Charlie Owens and I am the State Director for the National Federation of Independent Business, an advocate for Michigan small businesses owners since 1943. We are here today to support Senate Bill 147 that would bring some much needed transparency to hospital billing and pricing practices.

With the high cost of health care and the requirements that everyone have coverage under the Affordable Care Act (Obamacare), it is time for hospitals to be more accountable and transparent for the prices they charge for procedures and services. Although most hospitals in Michigan keep a uniform schedule of charges as their gross billed charge for a given service or item, they are reluctant to make this information available to the public. In addition, medical facilities around the state are billing patients for charges that bear little to no relation to the actual cost of the health service provided but are instead based on what kind of coverage is possessed by the patient.

It is doubtful that a private enterprise engaged in commerce with an economic footprint similar to that of our hospitals would escape scrutiny by regulators and policy makers if they engaged in similar pricing practices. Indeed, in a recent Fox Business News story, Dr. Keith Smith speaks with John Stossel about how "non-profit" hospitals and insurance companies drive up the cost of care by practicing dishonesty in pricing.¹ The irony that private medical facilities are more likely to embrace transparency in pricing than many taxpayer funded "nonprofit" hospitals should not be lost on this committee.

The trend of small business owner responses over time when they are asked questions relating to whether or not hospitals should be required to post their prices for procedures and services bears witness to our concerns.² In 1992, 68% supported this requirement; in 2007, 77% supported this requirement and in 2016, 82% of small business owners supported a requirement that hospitals post their prices. Clearly, as the cost of healthcare has escalated the call for more transparency in pricing by the small business community has also risen.

It is time for hospitals to be more accountable and transparent for the prices they charge for procedures and services. Hospitals should be required to make public their charge schedules and end the confusion and ambiguity of medical services to patients.

We urge the Committee to report out Senate Bill 147 for full consideration by the Senate and we thank you for your support of Michigan's small business owners.

Footnotes and sources

¹Medical Price Honesty Benefits Patients at Surgery Center of Oklahoma, Association of American Physicians and Surgeons:

https://www.youtube.com/watch?feature=player_embedded&v=hb_woGzJXTY

² Should doctors and hospitals be required to post their fees for services? (Favor: 68% Oppose: 23% Undecided: 9%) (Survey, vol. 497, July 1992)

Should insurers, hospitals, and doctors be required to provide consumers with explanations about prices for common medical procedures? (Yes: 77% No: 13% Undecided: 10%) (Survey, vol. 555, December 2007)

Should hospitals be required to post their average prices on their website? (Yes: 82% No: 8% Undecided: 10%) (Survey FL 2016, January 2016)

<http://surgerycenterok.com/pricing/>

John Stossel Video on Hospital Pricing: <https://www.youtube.com/watch?>

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